

MEDICAID MODERNIZATION

FREQUENTLY ASKED QUESTIONS FOR PROVIDERS

Question	Answer
What is the Payment Error Rate Measurement (PERM)?	The Payment Error Rate Measurement (PERM) is a comprehensive, ongoing federal audit to measure how frequently errors occur when state Medicaid programs pay claims submitted by providers. This federal audit includes examining claims that have been approved and paid, as well as claims that have been denied. All 50 states will be measured over a three-year period. Idaho was selected as one of the first states to be audited in federal fiscal year (FFY) 2006. In FFY 2009, Idaho will be audited again. The Centers for Medicare and Medicaid Services (CMS) will announce a state and national payment error rate when all of the data is collected.
What is the purpose of PERM?	The Payment Error Rate Measurement is designed to estimate the number of incorrect Medicaid payments made. The <i>estimated</i> payment error rate is calculated by comparing the dollar value of all inaccurate payments to the dollar value of the total payments. The amounts of overpayments and underpayments are tracked and used to calculate the <i>final</i> payment error rate. CMS will use the state-specific estimates to establish national payment error rates for Medicaid and the State Children's Health Insurance Program (SCHIP). States must reimburse CMS for any error amounts found.
Who must participate in PERM?	Medicaid providers and Medicaid agencies in all 50 states must participate in PERM.
How will CMS implement PERM?	The Centers for Medicare and Medicaid Services will use three contractors to conduct the claims processing and medical necessity work. The contractors will work with the Idaho Department of Health and Welfare (IDHW) staff throughout the payment error rate measurement process.

Who are the CMS contractors?	<p>The Centers for Medicare and Medicaid Services selected the following three national contractors to conduct PERM:</p> <ul style="list-style-type: none"> • The Lewin Group - Provides statistical support by producing the samples to be reviewed and by calculating Idaho's error rate. • Livanta, LLC - Provides the documentation and database support by collecting program and payment related policies from the state and medical records from providers. Livanta will contact sampled providers for medical and service records. • Health Data Insights - Examines the accuracy of the claims-processing system and the medical necessity of the service for which payment was claimed.
What is a federal fiscal year (FFY) and quarter?	<p>The federal government operates on an FFY that starts Oct. 1 and ends Sept. 30. Each year is divided into the following quarters:</p> <p>First quarter: October 1 to December 31</p> <p>Second quarter: January 1 to March 31</p> <p>Third quarter: April 1 to June 30</p> <p>Fourth quarter: July 1 to September 30</p>
When does PERM start?	<p>The audit formally begins October 2008.</p>

<p>What information will be reviewed?</p>	<p>The Centers for Medicare and Medicaid Services will review approximately 250 fee-for-service claims that were paid or denied during each quarter of the FFY. It will determine if the claims were processed correctly, were medically necessary, were coded appropriately, and were correctly paid or denied.</p> <p>In FFY 2009, the claims processing audit will include fee-for-service and SCHIP, and the medical necessity reviews will include SCHIP. In addition, under CMS's oversight, IDHW will conduct eligibility reviews for medical assistance and SCHIP.</p>
<p>Will providers participate in PERM?</p>	<p>All Idaho Medicaid providers who submitted a claim in FFY 2009 and who were selected as a part of the PERM 2006 sample must provide any information requested during the PERM audit (e.g. medical or service records), even if they are no longer providing services.</p>
<p>How will PERM impact providers?</p>	<p>If providers do not submit documentation for a sampled claim, it will cause an automatic error and might result in fiscal implications for both IDHW and the provider. Therefore, cooperation from providers is crucial.</p> <p>Medicaid providers selected for a PERM audit must submit documentation that supports the Medicaid claim submitted on behalf of a recipient, within 90 days of being notified by the federal contractor. A second request for additional records might be necessary. When this occurs, the provider must respond within 15 days.</p> <p>The documentation might include medical information or other kinds of supporting data such as assessments, service logs, receipts, etc. The Centers for Medicare and Medicaid Services will look at the documentation to:</p> <ul style="list-style-type: none"> • Determine if providers adhered to IDHW guidelines and policies related to providing the service. • Determine if providers completed all medical and service record documentation to substantiate the claim as medically necessary for the service. • Validate that services were provided as ordered and billed. • Validate that the correct CPT/HCPSC and ICD-9-CM codes were used in the claim.

	<p>Claims without complete and appropriate medical documentation will be considered an error and will impact the validity of Idaho's payment error rates.</p> <p>Idaho's payment error rates are determined based on the submission of all necessary documentation to support the sampled claims. Idaho's Medicaid staff is implementing protocols to ensure that Medicaid providers submit documentation that is appropriate and that meets the contractor's requirements. Medicaid staff is also developing procedures to ensure Medicaid providers who have not responded after 60 days of being notified do so within the 90-day time period permitted by CMS.</p>
What about the Health Insurance Portability and Accountability Act (HIPAA)?	<p>Providing the requested information as a part of the PERM request does not violate the Health Insurance Portability and Accountability Act (HIPAA) or Medicaid confidentiality or security provisions. Providers must keep any records that are necessary to disclose the extent of services provided to individuals receiving assistance. Providers must also give CMS information, including medical and service records, regarding any payments claimed by the provider for rendering services. In addition, HIPAA and federal implementing regulations allow protected health information in individual-level medical records to be collected for payment review purposes. Special patient permission is not necessary for the release of records for PERM reviews.</p>
How will providers know if they are in the PERM sample?	<p>Providers will receive a letter from IDHW letting them know that they have been selected as part of the PERM sample and notifying them that Livanta will be contacting them. For each sampled claim, Livanta plans to contact the provider directly to verify the correct name and address and to determine if the provider wants to receive the requests for medical and service records by fax or by U.S. mail. After providers receive the documentation request, they must submit the information to Livanta, in the time frame stated in the letter.</p> <p>The medical and service documentation request from Livanta is a list of all possible documentation the provider might have. Some of the items listed on the request might not apply to the specific claim being reviewed. Livanta uses a standard list to request documentation from all of the states that are being reviewed. Providers</p>

	<p>should be aware that they must submit all relevant documentation to support the claim that is being audited.</p> <p>The Department of Health and Welfare encourages providers to submit the documentation immediately after the letter is received, so that providers do not accidentally miss the deadline, which then results in an error. Providers who have questions or concerns, are encouraged to call the IDHW's PERM phone line at (208) 364-1947.</p> <p>Livanta, and possibly an IDHW staff member, will follow up to ensure that providers submit the documentation before the time frame expires so the Idaho Medicaid program can be fully credited for claims accurately paid. If providers do not submit the records within the time frame it will be considered an automatic payment error.</p>
Are there monetary implications?	<p>Yes. All claims submitted to IDHW must be based on medically necessary services provided to a participant. Providers who have a claim selected as a part of the PERM audit must submit corresponding documentation to verify that the services were provided and medically necessary. If providers do not submit the appropriate documentation, it is considered an error and will affect the Idaho payment error rate. When an error is determined, based on the federal audit, IDHW and the Medicaid provider must repay the cost of the invalid claim.</p>
How many claims will be reviewed as part of the PERM project?	<p>Approximately 1,000 claims that are paid or denied from October 2008 through September 2009, will be audited.</p>
Are all Medicaid services included in the 2009 PERM audit?	<p>Yes. The 2009 audit includes all medical claim types processed by IDHW.</p>

What happens when the reviews are completed?	<p>Idaho will be apprised of the findings and any claims that are considered errors, before the error rates are finalized. Idaho will be able to confer with the review contractors to resolve any differences, if IDHW disagrees with the contractor's findings on any claim found to be in error. As part of this procedure, IDHW might be contacting providers for a copy of the information they submitted to Livanta, or for additional documentation.</p> <p>The final error rates for FFY 2006 and FFY 2009 will be based on both medical and data processing review findings. Based on the findings, IDHW will develop a corrective action plan to address the causes of the improper payments.</p>
When will a payment error rate be determined for Idaho?	<p>According to CMS, the first cycle of the audit is expected to take approximately two years. When it is done, a Medicaid payment error rate will be determined for Idaho.</p>
Where can I get more information?	<p>The Centers for Medicare and Medicaid Services Web site at CMS PERM Site</p>